



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 6, 1998

### **H.R. 3687** **Canadian River Project Prepayment Act**

*As reported by the Senate Committee on Energy and Natural Resources  
on September 25, 1998*

#### **SUMMARY**

H.R. 3687 would authorize prepayment by the Canadian River Municipal Water Authority of amounts due for the pipeline and related facilities of the Canadian River Project in Texas. Current law provides for conveying title for these elements to the authority once repayment is complete.

CBO estimates that enacting H.R. 3687 would slightly reduce discretionary spending, and would yield a net decrease in direct spending of \$26 million over the 1999-2003 period. That near-term cash savings would be offset on a present-value basis, however, by the loss of currently scheduled payments. Because H.R. 3687 would affect direct spending, pay-as-you-go procedures would apply.

The act contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State and local governments might incur some costs as a result of H.R. 3687's enactment, but these costs would be voluntary.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3687 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	1999	2000	2001	2002	2003
<b>DIRECT SPENDING</b>					
Spending Under Current Law <sup>a</sup>					
Estimated Budget Authority	0	0	-3	-3	-3
Estimated Outlays	0	0	-3	-3	-3
Proposed Changes					
Estimated Budget Authority	-35	0	3	3	3
Estimated Outlays	-35	0	3	3	3
Spending Under H.R. 3687	-35	0	0	0	0
Estimated Budget Authority	-35	0	0	0	0
Estimated Outlays					

a. The next payment from the Canadian River Municipal Water Authority is not due until 2001.

## **BASIS OF ESTIMATE**

CBO assumes that H.R. 3687 is enacted near the beginning of fiscal year 1999 and that prepayment will occur within this fiscal year. (The authority to prepay would expire 360 days after enactment.)

### **Direct Spending**

CBO estimates that enacting H.R. 3687 would result in a prepayment to the federal government of about \$35 million in 1999. After prepayment, the authority would no longer make the regularly scheduled payment of \$3 million a year over the 2001-2022 period.

### **Spending Subject to Appropriation**

The Canadian River Municipal Water Authority pays 100 percent of the cost of operating and maintaining the Canadian River project dam, reservoir, pipeline, and related facilities. The Bureau of Reclamation reimburses the authority for about 26 percent of the cost of operating and maintaining the project dam and reservoir. The 1998 appropriated amount for this purpose was about \$30,000. Enacting H.R. 3687 would eliminate this annual federal cost as early as 1999.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. Enacting H.R. 3687 would not affect governmental receipts.

	By Fiscal Year, in Millions of Dollars									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	-35	0	3	3	3	3	3	3	3	3
Changes in receipts						Not applicable				

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 3687 contains no intergovernmental mandates as defined in UMRA. The conveyance authorized by this legislation would be voluntary on the part of the authority, and any costs incurred as a result would be accepted by them on that basis. As conditions of the conveyance, H.R. 3687 would require the authority to prepay its outstanding obligations to the federal government and to assume all responsibility for the operations and maintenance costs of the project. The act would impose no other costs on state, local, or tribal governments.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

This act would impose no new private-sector mandates as defined in UMRA.

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